



NEWS

North Carolina Department of Insurance

Jim Long, Commissioner of Insurance

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Workers Comp Rates Settled For Less Than Requested

Long Negotiates Potential Savings of \$77.5 Million

RALEIGH -- North Carolina Insurance Commissioner Jim Long today announced that a settlement was reached between the Department of Insurance and the North Carolina Rate Bureau, the organization that represents the state's workers compensation insurance companies. The settlement, which raises rates moderately but not as much as the Rate Bureau requested, has the potential to save businesses up to an estimated \$77.5 million over the requested increase. Rates in the voluntary market were approved to rise 9.4 percent (less than the requested 16.6 percent) and in the assigned risk market, rates were approved to rise 8.7 percent (less than the requested 11.4 percent).

Long signed the settlement with the Rate Bureau late yesterday after several months of intensive negotiations. "The rate making process for all the different lines of business we regulate can be a lengthy and time consuming process," he said. "The auto insurance rate hearings are still ongoing, and we found ourselves juggling our time between negotiating the workers comp filing and hearing testimony on the auto case. The bottom line, though, is this: I am committed to keeping rates of any kind as low as possible for North Carolinians, while making sure our insurance companies remain competitive and financially stable. Once again I believe we have struck that balance in this settlement."

The settled rates will take affect April 1, 2006.

History of North Carolina Workers Comp Rate Filings

| Year of Filing | Year Effective | Percent Requested | Percent Approved | Premium (Filing Year) | Estimated Savings | Premium Change |
|----------------|----------------|-------------------|------------------|-----------------------|-------------------|----------------|
| 1985 | 1986 | 12.9% | 7.5% | 228,937,000 | 12,362,598 | 17,170,275 |
| 1986 | 1987 | 12.8% | 5.8% | 344,346,000 | 24,104,220 | 19,972,068 |
| 1987 | 1988 | 16.8% | 15.9% | 391,308,000 | 3,521,772 | 62,217,972 |
| 1988 | 1989 | 0.0% | 0.0% | 453,879,000 | -- | -- |
| 1989 | 1990 | 16.8% | 9.0% | 504,204,000 | 39,327,912 | 45,378,360 |
| 1990 | 1991 | 29.3% | 18.9% | 557,950,000 | 58,026,800 | 105,452,550 |
| 1991 | 1992 | 41.8% | 15.8% | 635,173,000 | 165,144,980 | 100,357,334 |

| | | | | | | |
|-------|------|--------|--------|---------------|---------------|--------------|
| 1992 | 1993 | 40.3% | 33.0% | 635,200,000 | 46,369,600 | 209,616,000 |
| 1993 | 1994 | 15.5% | 9.3% | 633,461,000 | 39,274,582 | 58,911,873 |
| 1994 | 1995 | 0.0% | 0.0% | 633,181,437 | -- | -- |
| 1995 | 1996 | -15.4% | -15.4% | 587,024,256 | 90,401,735 | (90,401,735) |
| 1996 | 1997 | -13.7% | -13.7% | 591,203,889 | 80,994,933 | (80,994,933) |
| 1997 | 1998 | -1.1% | -1.1% | 658,153,267 | 7,239,686 | (7,239,686) |
| 1998 | 1999 | 0.0% | 0.0% | 675,624,668 | -- | -- |
| 1999 | 2000 | 3.4% | 0.0% | 719,538,435 | 24,464,307 | -- |
| 2000 | 2001 | 4.6% | 4.6% | 719,538,435 | -- | 33,098,768 |
| 2001 | 2002 | -1.2% | -1.2% | 766,822,301 | -- | (8,898,441) |
| 2002 | 2003 | 0.25% | 0.0% | 836,258,595 | 2,090,646 | -- |
| 2003 | 2004 | 9.1% | -0.5% | 959,561,074 | 92,147,074 | (5,217,359) |
| 2004 | 2005 | 8.7% | 2.2% | 1,057,916,982 | 68,764,604 | 23,274,174 |
| 2005 | 2006 | 16.1% | 9.3% | 1,140,857,125 | 77,578,285 | 106,099,713 |
| Total | -- | -- | -- | -- | \$831,813,734 | -- |

Notes:

Savings 1985-1994 Filings = Requested minus Approved

Savings 1995-1998 Filings = Approved

Savings 1999-2000 Filings = Requested minus Approved

Savings 2001 = Approved

Savings 2002 Filing = Requested minus Approved (savings from assigned risk)

Savings 2004-2005 Filing = Requested minus Approved, assuming 10 percent of market is assigned risk

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